

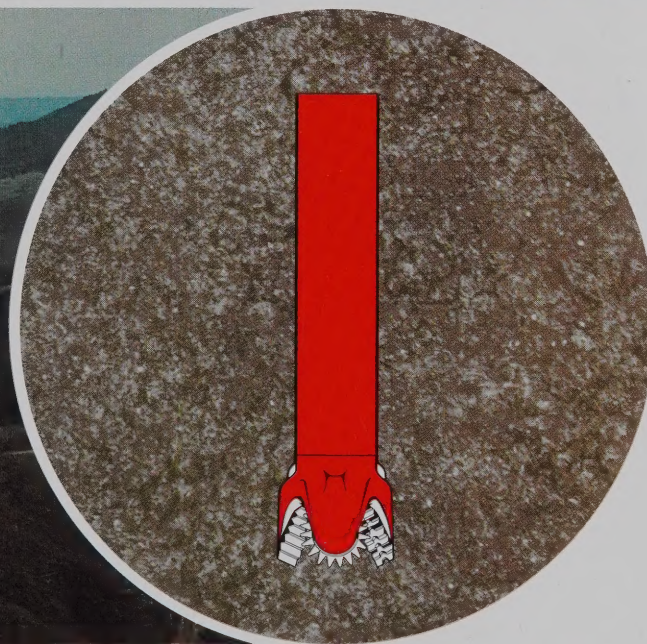
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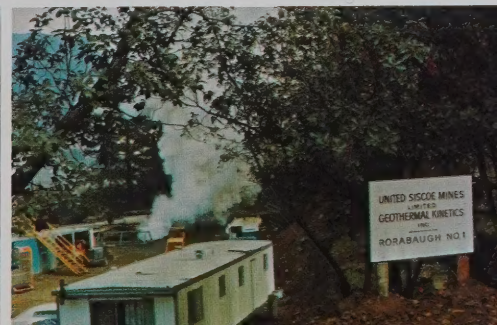
46TH
ANNUAL
REPORT
1974



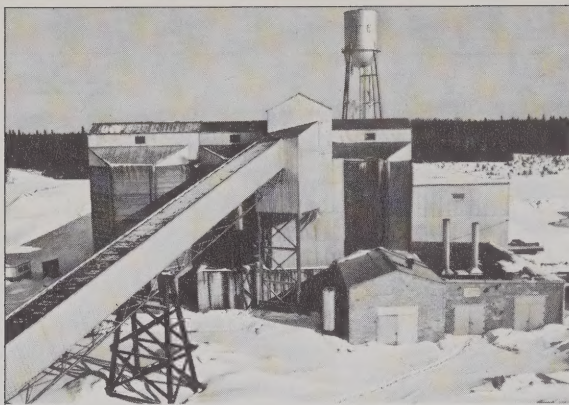
UNITED SISCOE



MINES LIMITED

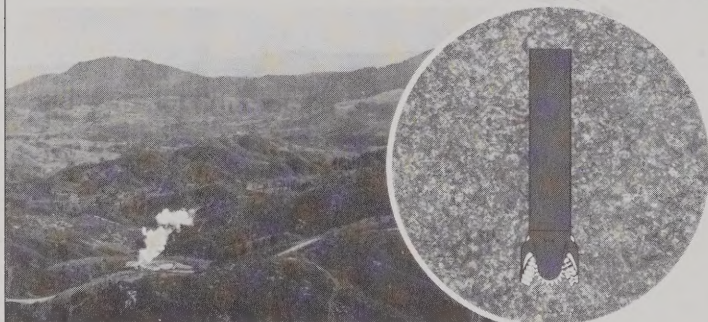


UNITED SISCOE MINES
LIMITED
GEOTHERMAL KINETICS
BORABAUGH NO. 1



46TH
ANNUAL
REPORT
1974

UNITED SISCOE



MINES LIMITED



Front cover montage of pictures, counter-clockwise from the top: In this picture of the surface plant of the gold producing **Camsflo Mine**, the ore conveyor is shown at the lower left hand corner. The crushed ore is hoisted to surface through the shaft and conveyed to the fine ore bin shown at the extreme left hand side. An aerial view of the North Geysers Field, Lake County, California — at the lower left is the successful **Union Oil** (Horner State 4596 No. 1) geothermal well with a reported production potential of 300,000 lbs. of steam per hour, equivalent to 15,000 KW's of electricity; slightly right of centre at bottom of picture is approximate location of the initial test well to be drilled by **McCulloch** under the joint venture with **Geothermal Kinetics**. The **United Siscoe-GKI Rorabaugh No. 1 Well** in Sonoma County, Geysers Field. Underground at the gold producing **Camsflo Mine**. The **United Siscoe-GKI Rorabaugh No. 1 Well** being vented.

46TH ANNUAL REPORT

TO THE SHAREHOLDERS
For the Year Ended December 31, 1974

UNITED SISCOE MINES LIMITED

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SCOPE OF OPERATIONS

United Siscoe Mines Limited, both directly and through subsidiary companies, is engaged primarily in the exploration and development of minerals, natural gas and geothermal energy and real estate. Its operations are in Canada and the United States of America.

In addition, the Company has investments in other mainly mineral resource oriented corporations, notably a 15% equity ownership in Camflo Mines Limited. Camflo operates a profitable gold producing mine in the Malaric area of Quebec and also has interests in natural gas in Western Canada, plus participations in coal exploration and coal mining both in Canada and the United States.

The main emphasis of United Siscoe's activities has been in the field of geothermal energy exploration (through its subsidiary, Geothermal Kinetics Inc., of Phoenix, Arizona) involving leaseholds and geothermal exploration rights (including joint ventures) currently totalling approximately 800,000 acres, principally located in the States of California, Arizona, Utah, Idaho, Oregon, New Mexico and Nevada.

Recently, Geothermal Kinetics entered into a joint venture for geothermal exploration with McCulloch Oil Corporation (McCulloch Geothermal Energy Program) of Los Angeles, California. McCulloch is a long established corporation active in oil and gas production, coal mining, and is a major land developer.

In conjunction with the McCulloch geothermal joint venture, leases totalling approximately 2,000 acres have been obtained in the North Geysers Field, Lake County, California. The joint venture agreement also covers other geothermal prospects in California and other western states.

Additional geothermal joint ventures are currently with Utah Power & Light Co., and Anaconda Copper Company.

UNITED SISCOE MINES LIMITED

BOARD OF DIRECTORS	<p>J. G. AHERN, Q.C., Montreal, Quebec <i>Barrister and Solicitor, Partner of Ahern, De Brabant & Nuss</i></p> <p>H. DAHL-JENSEN, Unionville, Ontario <i>President, Mihorean & Dahl-Jensen, Realtors</i></p> <p>R. E. FASKEN, Mississauga, Ontario <i>Mining Executive, Chairman, United Siscoe Mines Limited</i></p> <p>H. S. HERSHORAN, Toronto, Ontario <i>Chairman, Hillcrest General Leasing Limited</i></p> <p>H. REIMER, Oakville, Ontario <i>Mining Geologist, Director of Loewen, Ondaatje, McCutcheon & Company Ltd.</i></p> <p>G. T. SMITH, Toronto, Ontario <i>Barrister and Solicitor, President, Camflo Mines Limited</i></p> <p>R. M. SMITH, Oakville, Ontario <i>Mining Engineer, Vice President, Camflo Mines Limited</i></p>
OFFICERS	<p>R. E. FASKEN — <i>Chairman of the Board</i></p> <p>G. T. SMITH — <i>Vice Chairman of the Board</i></p> <p>R. M. SMITH — <i>President</i></p> <p>S. HALPERN — <i>Vice President Corporate Affairs</i></p> <p>K. E. ELRICK — <i>Treasurer</i></p> <p>D. DOIG — <i>Secretary</i></p>
TRANSFER AGENTS	<p>CANADA PERMANENT TRUST COMPANY, Montreal and Toronto</p> <p>BANKERS TRUST COMPANY, New York</p>
AUDITORS	<p>PEAT, MARWICK, MITCHELL & CO.</p> <p>Chartered Accountants, Toronto, Ontario</p>
EXECUTIVE OFFICE	<p>Suite 1806, Commercial Union Tower, P.O. Box 306</p> <p>Toronto-Dominion Centre,</p> <p>Toronto, Canada M5K 1K2</p>
HEAD OFFICE	<p>Suite 4111, Stock Exchange Tower,</p> <p>Place Victoria, Montreal, Canada</p>
GENERAL COUNSEL	<p>J. G. AHERN, Q.C.,</p> <p>Montreal, Quebec</p>
MANAGER OF EXPLORATION	<p>M. E. HOLT, P.Eng.,</p> <p>Mississauga, Ontario</p>
SHARE LISTINGS	<p>THE TORONTO STOCK EXCHANGE</p> <p>MONTREAL STOCK EXCHANGE</p>
BANKERS	<p>THE CANADIAN IMPERIAL BANK OF COMMERCE,</p> <p>Toronto, Canada</p>
ANNUAL AND GENERAL MEETING OF SHAREHOLDERS	<p>June 23, 1975, 11:00 a.m.</p> <p>The Sheraton Room,</p> <p>Sheraton Mount Royal Hotel, Montreal, Quebec</p>



This map of the Geysers Field in Sonoma and Lake Counties, California, shows the location of Geothermal Kinetics' 408-acre lease in the main producing area of the Geysers, and approximately 1,000 acres of the leased area in the North Geysers Field which is the subject of a joint venture with McCulloch Oil Corporation (McCulloch Geothermal Energy Program). Note the site of the successful Union Oil (Horner State N. 1) geothermal well, approximately 1,000 feet to the south of the 350-acre GKI-McCulloch lease. Not shown on the map is an approximate 1,000 additional acres leased in joint venture with McCulloch. The 3,500-acre property held by Geothermal Kinetics under a farmout agreement with Geothermal Electric Corporation Limited Partnership is shown on the centre right hand side of the map, about two miles northeast of Pacific Gas and Electric Co's 110,000 KW Plant now under construction. Pacific Gas and Electric has 10 generating plants in operation with a combined capacity of some 400,000 KW's and an additional 512,000 KW's is now under construction or planned for completion by 1977.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The two principal fields of activity for your Company during 1974 were in geothermal energy exploration, highlighted by the recent joint venture with McCulloch Oil Corporation, and the on-going expansion of the programs of exploration and development of natural gas.

Interest in geothermal energy as an important and rapidly growing alternate energy source in the United States, increased dramatically during 1974 in both the private and government sectors. The U.S. is currently spending \$1.4 billion in energy research and development — nearly three times the amount authorized in fiscal 1972 before the Arab oil embargo and the ensuing sharp increase in world oil prices.

The nucleus of this effort is the Energy Research and Development Administration (ERDA) which was set up in January, 1975 to combine and coordinate the several Federal energy research and development programs. Previously, the U.S. Atomic Energy Commission was involved in the government geothermal research programs and this effort was first funded in 1973 at a level of \$4.7 million annually. Funding for the current fiscal year ending June, 1975 was more than doubled to \$10.8 million.

The successor organization, ERDA, requested \$22.8 million for geothermal research for fiscal 1976 which was again more than doubled to \$55.8 million by the House Energy Subcommittee. The prognosis is that geothermal sources in the U.S., currently producing in excess of 400 megawatts of electricity, could increase to 30,000 megawatts by 1985, possibly reaching 200,000 by the year 2000.

Investment in geothermal exploration and development by the forerunners in the private sector, including Standard Oil, Union Oil, Pacific Energy, Gulf, Signal, Shell Oil, Thermal Power, Magma Power, Geothermal Kinetics is an incalculable but obviously very substantial sum. McCulloch Oil Corporation, which has been successful in managing public oil drilling fund, has the distinction of being the first company to offer a public geothermal drilling fund, by way of limited partnerships, recently com-

pleted registration with the S.E.C. in Washington of an initial \$6 million offering for public subscription (McCulloch Geothermal Energy Program), which is substantially related to the current joint venture with Geothermal Kinetics, Inc.

Your Company, as a result of its initial acquisition of a substantial equity interest in Geothermal Kinetics during 1972, is now well established in this challenging new energy field.

With respect to your Company's activities in natural gas in Western Canada, the opportunity for generating appreciable cash flow is clearly enhanced by the prospect for higher wellhead gas prices which could well increase from the current contract price of 53¢ per MFC to 80¢-90¢ by the 1975 year end. It is noted that net revenue from oil and natural gas in 1974 virtually tripled from the 1973 total of \$97,060 to \$295,557 last year.

Revenue from the Company's 40% interest in the Bantry project was short of expectations due to delays in the completion of gathering systems, compressor station and dehydration facilities. In 1975 it is expected that the full effect of the projected production of 13 million cubic feet per day from this project, in which your Company's share is 5.2 million cubic feet per day, will reflect in substantially increased revenue.

FINANCIAL

A consolidated net loss for the year of \$643,166 or 14¢ per share was recorded, compared with a net loss in 1973 (before extraordinary items) of \$56,190 or 1¢ per share. There were no extraordinary items in 1974. For 1973 the extraordinary items consisted of the write-down of the Company's original gold mine amounting to \$3,797,389 less a reduction of income taxes payable in that year of \$237,000. The resultant net loss for 1973 after these extraordinary items was \$3,616,579 or 79¢ per share.

It is to be noted that credits arising from the gains on investments and commodity future dealings and interest income (net) totalling \$871,451 in 1973, were replaced in 1974 by losses on investments and commodity future dealings and interest expense (net) totalling \$416,571. Interest on the debenture issued in 1974 and amortization of the debenture issue expenses represented most of the increase in cost of long term debt from \$51,854 in 1973 to \$240,881 in 1974.

The main sources of income in 1974 were net revenue of \$295,557 from oil and gas, and \$369,618 in dividends from investments. There was no realization from the real estate division during the year. However, the Company has recently granted an option to a large

Canadian manufacturing concern to purchase a total of 150 acres in the Regional Municipality of Peel, Ontario. This transaction is subject to certain conditions, including approval from the governmental authorities for use of the land for industrial purposes. This land is currently designated agricultural.

GEO THERMAL KINETICS INC.

Your Company and its subsidiary, Chesbar Resources, Inc., now hold approximately 62% of the issued and outstanding capital of this corporation. Again in 1974, GKI experienced a very active year and as a result of the continuing exploration efforts to date in 1975, increased its leases and geothermal ex-

This aerial view of the North Geysers Field shows the successful Union Oil Horner State No. 1 geothermal well at the upper right. The dotted line is the approximate south boundary of the 350-acre lease in this area held under the joint venture between Geothermal Kinetics and McCulloch Oil Corporation.



ploration rights (including joint ventures) to a current total of approximately 800,000 acres.

During 1974 two geothermal exploration wells were completed, both in joint venture with other companies, the terms of which provided that the bulk of the drilling costs were funded by these joint venturers. GKI's established reputation in the geothermal energy field enabled it to negotiate favourable joint venture arrangements with substantial corporations. This is reflected in the reduction in geothermal exploration and development expenditures from \$2,009,062 in 1973 to \$718,163 during 1974.

The year end subsequent event involving the negotiation of a joint venture with McCulloch Oil Cor-

poration, is undoubtedly a most important and advantageous development. In conjunction with this joint venture, GKI has obtained leases totalling approximately 2,000 acres in the North Geysers Field, Lake County, California. This area is contiguous to the highly productive main Geysers Field and the several blocks that comprise the current total of about 2,000 acres (leasing is continuing) are in many cases contiguous to holdings of Union Oil, Pacific Energy, Thermal Power and Getty which among other companies have acquired substantial acreage in the North Geysers Field.

One of the key leases comprising some 350 acres is particularly promising because it is offset (approx-

This is another aerial view of the Union Oil Horner State No. 1 geothermal well which was recently completed with a production potential of 300,000 lbs. of steam per hour, equivalent to 15,000 KW's of electricity. The Geothermal Kinetics-McCulloch joint venture block of 350 acres has its southern boundary about 1,000 feet distant from this well.



mately 1,000 feet south) from a new steam well completed by Union Oil ("Horner State 4596 No. 1") which reportedly registers a production potential of approximately 300,000 pounds of steam per hour, equivalent to 15,000 KW's of electricity. It is considered that this well confirms the northeast extension of the main producing Geysers Field.

McCulloch has entered into an agreement with GKI by which GKI will seek to acquire leases within the "Area of Interest" upon which McCulloch will have a right of first refusal. With respect to certain of the leases in the North Geysers Field, McCulloch has agreed to drill a test well during the calendar year 1975 to a depth of 9,000 feet or commercial production, whichever first occurs, at the cost of McCulloch. The commencement of drilling is subject to obtaining requisite governmental approvals, issuance of permits and availability of a drilling rig.

Under the existing agreement involving some 780 acres which comprise the original blocks acquired in this joint venture with Geothermal Kinetics, GKI has the option to pay 50% of the cost of drilling, completing and equipping all additional wells in this designated area, in which event GKI will be entitled to receive 50% of the revenues therefrom. If GKI does not participate in the drilling costs, etc., it will be entitled to receive 30% of the revenues.

For other areas, McCulloch and GKI have formulated a joint venture agreement covering a portion of GKI's previous prospects and all new prospects. The general terms of this joint venture provide that McCulloch will finance all of GKI's operating and leasing expenses for the right to drill the first well on certain existing and all new prospects.

As part of GKI's continuing exploration efforts, it has increased its leaseholds and geothermal exploration rights (including joint ventures) to approximately 800,000 acres. GKI has also undertaken initial research in the Salton Sea area of California, and completed preliminary research in several Eastern States as well as in Oregon and other Western States.

Group Seven Inc., a subsidiary of GKI, continues to be a leader in developing and refining geophysical exploration methods for the finding and delineation of potential geothermal reservoirs, particularly with respect to deep resistivity measurements. The installation during 1974 of a computer display terminal at Group Seven's expanded facilities in Golden, Colorado, will provide additional capability for eval-



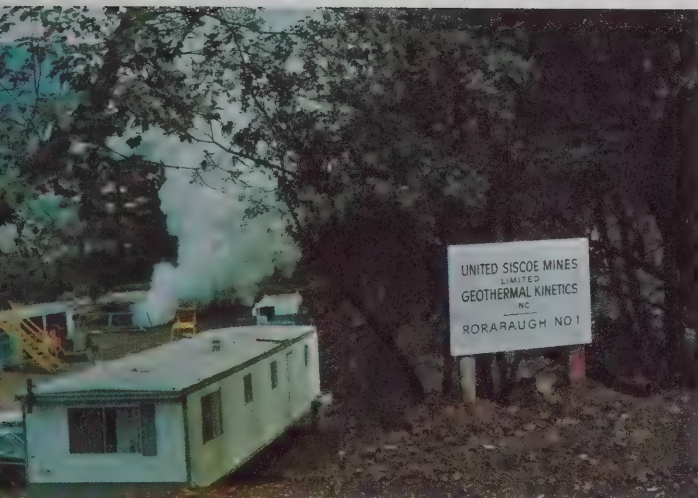
The United Siscoe-GKI Rorabaugh No. 1 Well, Geysers Field, Sonoma County, California, being vented. This procedure is required from time to time to keep the well in good condition.

uation of research data. The Group Seven's terminal is connected to the Colorado School of Mines' computers. These facilities complement GKI's specially programmed computer at its executive and geological research offices in Phoenix, Arizona.

The Utah Steam Venture, a joint venture with Utah Power and Light, completed a geothermal well on the Davis Lease in Bear River Valley near Brigham City, Utah. The temperatures and overall characteristics of the well are such that in its present condition it cannot be classified as a successful geothermal prospect. However, a proposal has been submitted to the United States Energy Research and Development Administration (ERDA) for federal funding of further development work to assess the economic potential of this prospect. The proposal has been submitted jointly by Utah Power and Light Co., GKI, the University of Utah and Aerojet.

A geothermal exploration program has been completed under the terms of GKI's agreement with The Anaconda Copper Company and the data is currently under review to determine if further exploration is required prior to drilling.

Agreements have also been formulated between GKI, TRW Systems Group and Dresser-Atlas covering the federal funding of a research program for stimulation of the two geothermal wells previously drilled at Power Ranches Inc. (Chandler Prospect) in



Another picture of the United Siscoe-GKI Rorabaugh No. 1 Well, taken after drill-completion. Preliminary semi-open hole flow tests indicate a potential production in excess of 100,000 lbs. of steam per hour.

Maricopa County, Arizona. Approval of this program, under ERDA's direction, has been obtained and it is currently understood that payment of same will be from the 1975 fiscal year budget which ends June 30, 1975. Successful completion of this stimulation program would have a significant effect on GKI's interests in this area.

The Casa Grande project in Pima County, Arizona, a joint venture with Amax Exploration Inc., has seen the completion of one well. The temperatures recorded to date in the well do not appear sufficiently high to utilize it as a potential source of energy for electrical generation. However, preliminary discussions with interested parties in the area covering the utilization of the hot water encountered as a heating source are in progress.

Additional data has been submitted for the Environmental Impact Report covering the 3,500 acre property known as Boggs Mountain State Forest in Lake County, North Geysers Field. This 3,500 acre property is held by GKI under a farmout agreement with Geothermal Electric Corporation Limited Partnership and is located about two miles northeast of Pacific Gas and Electric Company's 110,000 KW Plant No. 13 which is currently under construction for the utilization of the steam developed by the several wells completed in close proximity to the plant. It is anticipated that the Environmental Impact Report will provide the California State Forest Department

with sufficient information to enable it to issue a geothermal lease with respect to this property during the current year.

GKI also secured, under a farmout agreement with Albany Oil and Gas Limited, an interest in a geothermal exploration permit on the Paiute Indian Reservation in the Pyramid Lake region of Nevada. Geophysical crews have been operating there for the past six months and although a final evaluation has not been completed, it appears to be an attractive prospect.

With respect to GKI's 408-acre lease in the Geysers Field, Sonoma County, California, where the company previously completed the Rorabaugh No. 1 steam well, further development of this well located acreage has been suspended pending the settlement of litigation in connection with the geothermal rights.

The most important development for GKI during the year is undoubtedly its association with McCulloch Oil Corporation which will provide financing to ensure an aggressive geothermal resource exploration and development program. This is particularly relevant to GKI's activities in the North Geysers Field where approximately 2,000 acres have been leased in joint venture with McCulloch and leasing is continuing in this area. The appended map shows a portion of the leases acquired in the North Geysers Field, as well as the exploration permit acquired under a farmout agreement with Geothermal Electric Corporation Limited Partnership. The area of this map has a concentration of ownership identified with many important corporations and unquestionably represent a very substantial undertaking in the further intense exploration and development of the Geysers Area.

The Geysers Geothermal Field in Sonoma County, California, has the largest power output of any geothermal energy field in the world. It has been producing steam in commercial quantities since 1960 and at the present time Pacific Gas & Electric Co. has 10 generating units in operation with a combined capacity of 400,000 KW's. An additional 512,000 KW's is now under construction or planned for completion by 1977 and by 1980 it is expected that capacity should reach at least 1,300,000 KW's in this area.

GKI's acreage in the Geysers, particularly the lease in joint venture with McCulloch, provides a most attractive economic opportunity. Upon receipt of per-



The United Siscoe-GKI Rorabaugh No. 1 Well in the Geysers Field, Sonoma County, California. Development of GKI's 408-acre leasehold in this area has been suspended pending settlement of litigation in connection with the geothermal rights.

mission from the required agencies, McCulloch proposes to commence drilling on a location northeast of the successful Union Oil Horner State well.

PINSON GOLD PROJECT

Detailed evaluation work continued throughout the year on the Pinson gold property in northern Nevada in which Siscoe holds a 20% interest. A preliminary feasibility study was completed by the project managers, which resulted in Wright Engineers of Vancouver being commissioned to prepare a final feasibility report satisfactory for production financing. This report was completed at year end and indicated the project to be economically viable with an acceptable rate of return at gold prices above \$120 per ounce.

An adit and two cross-cuts were recently completed within the ore zone as a check on the indicated grade from drilling and to provide bulk samples for mill testing. Additional studies covering equipment, water, environmental and other related matters are currently being carried out.

Negotiations covering senior financing have commenced which hopefully will result in a final production decision being announced within the next few months.

Open pit ore reserves at the Pinson are estimated at 1,600,000 tons grading 0.18 ounces gold per ton after allowing for 10% dilution.

In line with the Pinson project the Preble prospect located some 15 miles to the south has an indicated 1.2

million tons grading .074 ounces gold per ton. Previous metallurgical testing has indicated excellent recoveries and the relative economic viability of possible heap-leaching of this material versus trucking to the proposed Pinson mill are being studied.

EXPLORATION

Working in joint venture with Bethlehem Copper Corporation of British Columbia, 11,200 feet of percussion drilling and 4,300 feet of diamond drilling were carried out on the Woodstock Copper prospect in New Brunswick. The drilling has indicated possible large tonnages of low grade copper mineralization, which at the present price of copper, are not economical. Further diamond drilling has been recommended but a final decision to continue with the project is pending.

The Company has an 18% assessable interest in the Harman Syndicate that completed a full season of exploration work during 1974 in the Bonnet Plume area, Yukon Territories. Throughout the program, teams of prospectors discovered widespread zinc mineralization in a number of areas, resulting in the staking of 305 claims comprising five separate groups. Subsequent geological mapping and systematic sampling disclosed encouraging results on two of the groups. The 1975 program is now under consideration and will involve diamond drilling, additional detailed geological mapping and a continuation of the reconnaissance prospecting similar to the last year programme.

The Copper Belt Syndicate extended most of its activities to a general exploration programme located in the State of Washington, U.S.A. during the 1974 field season because of the adverse political situation in British Columbia. The results to date are of a very preliminary nature. The three previously explored properties in British Columbia are being held by minimal work requirements, however, a proposal is being made to the British Columbia Hydro and Power Authority to determine whether or not there is any interest in participating with the Syndicate in the exploration and development of the Princeton Coal deposits.

In addition to the Pinson Project, the Cordex I syndicate continued its general exploration work mainly in the State of Nevada with the Company holding a 20% interest in all holdings. In all, five other projects were drilled, on one of which the drilling has indicated a large tonnage of low grade gold mineralization and on a second property interesting copper values were intersected. Further drilling is expected to be carried out this year.

OIL AND GAS DIVISION

Income from the Company's oil and gas interests increased in 1974 to \$359,000 compared to \$100,000 in 1973. This income was earned as to \$182,000 through the Company's Alberta subsidiary, Siscalta Oils Limited and \$177,000 from the 40% interest in the Bantry natural gas project, through its wholly owned subsidiary, Siscoe Metals of Ontario Limited.

At Bantry, including 18 shallow gas wells drilled during the 1st quarter of 1975, there are now 108 wells capable of gas production.

The field is expected to produce at a rate of 12 to 13 million cubic feet per day at an average price of \$0.53 per 1000 cubic feet until November 1, 1975, at which time the price is expected to increase to the \$0.80-\$0.90 per 1000 cubic feet level.

The Company expects a cash flow of approximately \$350,000 for 1975 from its Bantry interests and this, coupled with revenue earned through Siscalta, should produce an overall oil and gas income of \$500,000 for the current year.

CHESBAR RESOURCES, INC.

Your Company currently holds 1,438,692 shares of Chesbar Resources, Inc., representing approximately 56% of the latter's issued and outstanding common shares. In addition, your Company holds a \$1.2 million 8½% first mortgage bond of Chesbar.

During the past year, serious negotiations were carried out covering the sale of Chesbar's iron ore property and concentrator at Miquelon, Quebec. These negotiations have been terminated as it was considered the conditions of the proposed sale were not sufficiently attractive.

Currently, there are no plans to reactivate the operation, although minor interest has been shown by others in the potential use of the high grade iron ore concentrates that can be produced. The company will continue its efforts to dispose of this asset at a reasonable value.

Chesbar's pelletizing-reduction plant, located at Niagara Falls, Ontario, continues under a lease-purchase arrangement with Allis Chalmers Canada Limited. This lease-purchase agreement extends to September 30, 1975 at which time Allis Chalmers has the option to renew under similar terms for a further one year period, then terminate or exercise the option to purchase the plant at a price of \$1,700,000 less all

rentals paid and value received from the sale of any surplus equipment located therein.

Although it has been reported that operations at the plant have been more than satisfactory, Chesbar has had no indication of Allis Chalmer's intention concerning their option.

Chesbar holds 426,812 shares or 12.1% of the currently issued capital of Geothermal Kinetics Inc. Reference is made to the appended corporate profile of this latter company which appears on page 6 of this Report.

Chesbar's holdings in Geothermal Kinetics Inc. are hypothecated as security to United Siscoe Mines Limited under the first mortgage bond previously mentioned.

INVESTMENTS

The Company's investments in listed securities had a market value at December 31, 1974, of \$7,875,000 as compared with \$9,142,000 at the previous year end. This was due to the generally depressed stock market during most of 1974, a condition that has subsequently improved.

Camflo Mines Limited

Your Company currently holds 500,000 shares of Camflo Mines Limited and its subsidiary, Chesbar, holds a further 27,100 shares, for a combined holding equal to 15.4% of the issued capital of Camflo.

Camflo operates a gold mine in the Malartic area of Quebec and reported net income of \$4,903,009 or \$1.42 per share for 1974 and paid dividends of \$0.70 per share. Among significant developments at the mine during the year were a 15% increase in ore reserves, the commencement of a major shaft deepening program to open up four new production levels, and expansion in the milling facilities which achieved a 25% increase in the treatment rate during the first quarter of 1975.

Other corporate developments during 1974 included the acquisition by Camflo of a 49% equity interest in La Luz Mines Limited, the principal assets of the latter comprising some \$5.5 million in cash and 78,030 shares of Rosario Resources Corporation. Sub-

sequent to its September 30, 1974 year end, La Luz has undertaken the acquisition of a substantial participation in a coal mining venture in Ohio which, upon implementation, will provide an appreciable cash flow to La Luz. Using equity accounting, La Luz is expected to contribute significantly to Camflo's income by 1976.

Camflo's other activities and interests include participation in natural gas exploration, development and production; and in New Brunswick, Canada, is working in joint venture with Lynx-Canada Explorations Limited and Canadian Reynolds Metals Company Limited in a coal project involving a total of 720 claims covering 28,800 acres about 30 miles north of Moncton. To date, some 100 holes have been drilled on half-mile centres and a further 150 holes will be drilled, the latter series being extended to quarter-mile centres. The project has a potential for substantial tonnages of coal amenable to strip mining.

Camflo's gold mining operations, alone, will generate significant earnings for many years with the expectation of appreciable increments from its other ventures. The shareholding in Camflo continues to be one of your Company's major assets and sources of income.

Merland Explorations Limited

Your Company currently holds 483,900 shares or approximately 10.4% of the issued and outstanding shares of Merland Explorations Limited. Merland is also the operator of a natural gas project in the Bantry area, Alberta, in which the Company's wholly owned subsidiary Siscoe Metals of Ontario Limited has a 40% interest (see "Oil and Gas Division").

At year end 1974, Merland held major interests in 421 gas wells and 8 oil wells located principally in Southeast Alberta, Canada. By the end of 1975, it is expected to have the capability to produce, on a sustained basis, 35 million cubic feet of gas per day for its own account. The petroleum and natural gas lands held by Merland offer good prospects for further gas and oil exploration and development.

Capital expenditures during 1974 totalling \$5,756,000 were mainly devoted to the expansion of company-operated production facilities at Bantry and Medicine Hat, Alberta, and Horsham, Saskatchewan. Material shortages, drilling and production cost increases, together with high bank interest charges com-

bined to necessitate the deferment of a number of drilling programs which have now become projects for 1975. In spite of these problems in 1974, Merland participated in the drilling of 86 wells and achieved a daily gas production capability by year end of 30 million cubic feet.

In September, 1974, Merland acquired leases and interests comprising one and a half townships adjacent to its properties at Medicine Hat, at a cost of \$1,650,000. Included with the acquisition were 95 operating gas wells, with related pipeline and compression facilities. A 20-well development drilling program is now underway to double Merland's share of production to six million cubic feet per day from these properties.

Like most independent companies, Merland relies upon bank financing and cash flow to support planned expansion. Cash flow in 1974, after interest charges on long term debt of \$587,247, amounted to \$603,196. In 1975, cash flow is expected to increase substantially due to increased prices for natural gas expected November 1, 1975 and increased production from a major development program on its holdings.

GENERAL

Your Company's activities and interests, both direct and through subsidiary and affiliated companies, provide a widespread exposure to many facets of natural resource development, including geothermal energy exploration, gold mining, natural gas and other timely energy fields.

The achievements during 1974 were notable; and the expectation is for continued expansion in these diverse natural resource activities for the current and future years.

The Board of Directors acknowledge the contribution of all employees of the Company and those of its principal subsidiary, Geothermal Kinetics Inc. Their specialized skills and loyal effort are much appreciated as is the interest and support of the shareholders.

On behalf of the Board of Directors,

"R. E. FASKEN" — Chairman

"G. T. SMITH" — Vice Chairman

May 30, 1975



This picture shows the road into the State of California's Boggs Mountain State Forest, in which Geothermal Kinetics has a farmout agreement with Geothermal Electric Corporation Limited Partnership covering a parcel of 3,500 acres which is situated just two miles northeast of Pacific Gas and Electric Co's Plant No. 13 now under construction. Additional data has been submitted for the Environmental Impact Report in connection with this 3,500-acre exploration permit and it is anticipated that this will provide the California State Forest Department with sufficient information to enable it to issue a geothermal lease on this property during 1975.

FINANCIAL STATEMENTS

Consolidated Balance Sheet
Auditors' Report to the Shareholders
Consolidated Statement of Income and Loss
Consolidated Statement of Deficit (Retained Earnings)
Consolidated Statement of Changes in Financial Position
Notes to the Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1974

with comparative figures for 1973

ASSETS

Current assets:

Cash	
Accounts receivable, including current portion of amounts due from sales of land (note 2)	
Prepaid expenses	
Total current assets	
Amounts due from sales of land (note 2)	
Notes receivable from officers of a subsidiary company, including accrued interest	
Investments, at lower of cost and market (market 1974 — \$7,875,000; 1973 — \$9,142,000) (note 3)	
Land held for resale (note 4)	
Fixed assets (note 5)	
Interest in petroleum and natural gas leases and rights together with development thereon	
Deferred geothermal exploration and development costs (note 6)	
Deferred mineral exploration and development costs	
Unamortized debenture issue expenses	

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Bank advances, secured (note 7)	
Due to brokers, secured (note 3)	
Accounts payable and accrued expenses	
Income and other taxes payable (note 8)	
Long-term debt due within one year (note 9)	
Total current liabilities	
Long-term debt (note 9)	
Deferred income (note 10)	
Minority interest in subsidiary companies	
Shareholders' equity:	
Capital stock (note 11):	
Authorized — 6,000,000 shares without par value. Issued and fully paid — 4,648,750 shares (1973 — 4,636,000)	
Deficit	
Shareholders' equity	
Commitment and contingent liabilities (notes 12 and 13)	

See accompanying notes to consolidated financial statements.

UNITED SISCOE MINES LIMITED AND SUBSIDIARY COMPANIES

1974	1973
\$ 133,910	54,010
548,799	264,632
37,077	39,382
719,786	358,024
173,062	928,556
158,743	142,688
3,282,108	3,485,180
5,885,679	5,636,043
2,927,196	2,926,212
2,039,490	1,283,634
5,404,482	4,353,880
348,082	200,804
137,869	—
<u>\$21,076,497</u>	<u>19,315,021</u>

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of United Siscoe Mines Limited and subsidiary companies as at December 31, 1974 and the consolidated statements of income and loss, deficit (retained earnings) and changes in financial position for the year then ended and have obtained all the information and explanations we have required. Our examination of the financial statements of United Siscoe Mines Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, subject to the ultimate realization of the investments in the Quebec iron mine and Niagara Falls iron pellet reduction plant (note 5), and the ability to realize deferred costs relative to the geothermal exploration and development activities by attaining profitable operations (note 6), and the outcome of the legal actions (note 12), and according to the best of our information and the explanations given to us and as shown by the books of the companies, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the consolidated affairs of the company and its subsidiary companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
March 31, 1975

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

1974	1973
\$ 1,640,000	2,497,732
84,298	75,931
972,820	1,138,759
90,095	81,656
848,905	354,205
3,636,118	4,148,283
5,750,448	2,853,339
200,000	200,000
2,103,631	2,174,558
10,061,777	9,971,152
675,477	32,311
9,386,300	9,938,841
<u>\$21,076,497</u>	<u>19,315,021</u>

On behalf of the Board:

"R. E. FASKEN", Director

"R. M. SMITH", Director

UNITED SISCOE MINES LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME AND LOSS

YEAR ENDED DECEMBER 31, 1974

with comparative figures for 1973

	1974	1973
Oil and gas income:		
Share of net operating income	\$ 358,903	101,471
Depreciation and depletion	63,346	4,411
	<u>259,557</u>	<u>97,060</u>
Real estate income:		
Net proceeds of land sales	—	569,070
Cost of land sold	—	473,845
	<u>—</u>	<u>95,225</u>
Dividend income	369,618	265,098
	<u>665,175</u>	<u>457,383</u>
Loss (gain) on investments, net (after making provision for valuation of investments held)	139,321	(135,021)
Loss (gain) on commodity futures dealings	42,749	(523,096)
Interest on long-term debt and amortization of debenture issue expenses — net of amounts capitalized	240,881	51,854
Other interest, net	234,501	(213,334)
Administrative and general expenses	654,370	466,633
Deferred mineral exploration and development costs written off	—	652,273
Outside mineral exploration expenses	74,685	73,543
Other	(90,397)	(94,753)
	<u>1,296,110</u>	<u>278,099</u>
Net loss (income) before income taxes, minority interest and extraordinary items	630,935	(179,284)
Income taxes (note 8)	57,000	264,000
	<u>687,935</u>	<u>84,716</u>
Minority interest in loss of subsidiary company	44,769	28,526
	<u>643,166</u>	<u>56,190</u>
Extraordinary items:		
Mining properties and rights written down	—	3,797,389
Reduction of income taxes by the application of prior years' losses	—	(237,000)
	<u>—</u>	<u>3,560,389</u>
Net loss for the year	<u>\$ 643,166</u>	<u>3,616,579</u>
Net loss per share:		
Net loss before extraordinary items	\$.14	.01
Net loss for the year14	.79

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF DEFICIT (RETAINED EARNINGS)

YEAR ENDED DECEMBER 31, 1974

with comparative figures for 1973

	1974	1973
Balance at beginning of year	\$ 32,311	(3,664,971)
Net loss for the year	643,166	3,616,579
	675,477	(48,392)
Expenses related to issue of capital stock	—	80,703
Balance at end of year	<u>\$675,477</u>	<u>32,311</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1974

with comparative figures for 1973

	1974	1973
Funds provided:		
Funds provided from operations exclusive of extraordinary credit	\$ —	384,798
Reduction of income taxes by application of prior years' losses	—	237,000
Funds provided from operations	—	621,798
Amounts due from sales of land, net	755,494	930,483
Issue of debentures, net proceeds	2,331,181	—
Long-term bank loan received	1,500,000	—
Issue of capital stock, net proceeds	40,625	1,373,097
Issue of capital stock to minority interests by a subsidiary company	—	12,000
Proceeds from sales of investments in non-controlled companies, net of investments made	63,751	—
Disposals of fixed assets	48,399	101,841
Total funds provided	<u>4,739,450</u>	<u>3,039,219</u>
Funds used:		
Funds used in operations	446,914	—
Investment in subsidiary companies	233,023	1,028,017
Carrying costs on land held for resale	249,636	290,956
Development of petroleum and natural gas leases and rights	818,965	1,181,423
Geothermal exploration and development deferred	718,163	2,009,062
Mineral exploration and development deferred	147,278	87,810
Purchase of fixed assets	182,598	13,349
Reduction of long-term debt	1,052,891	617,070
Investment in non-controlled companies, net of proceeds of disposals	—	712,168
Advances to officers of a subsidiary company	16,055	12,115
Total funds used	<u>3,865,523</u>	<u>5,951,970</u>
Increase (decrease) in working capital deficiency	(873,927)	2,912,751
Working capital deficiency at beginning of year	3,790,259	877,508
Working capital deficiency at end of year	<u>\$2,916,332</u>	<u>3,790,259</u>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1974

1. Summary of significant accounting policies:

Principles of consolidation

The consolidated financial statements include the accounts of the company and its subsidiary companies:

Wholly-owned subsidiaries acquired prior to 1973:

Siscoe Metals of Ontario Limited
Siscalta Oils Limited
Siscon de Honduras S. de R.L. (inactive since 1973)

Partly-owned subsidiaries acquired in 1973:

Geothermal Kinetics Inc. (62% interest)
Chesbar Resources, Inc. (56% interest)

The consolidated financial statements include the results of the subsidiary companies from the dates of acquisition. All material inter-company transactions have been eliminated. The accounts of Geothermal Kinetics Inc. are maintained in United States dollars and have been converted to Canadian dollars and included in these financial statements on the following basis — current assets and current liabilities at year end rates and other assets at historical rates.

Land held for resale

Carrying costs, which include real estate taxes and interest on debt relating to the land, are capitalized. All land costs, carrying costs and development costs relating to property sold have been apportioned as between land sold and land held for resale on an acreage basis.

Fixed assets

Depreciation of the fixed assets which are carried at cost is provided over the estimated useful lives (generally 3 to 10 years) of the respective equipment.

Interest in petroleum and natural gas leases

The cost of acquiring interests in proven and unproven petroleum and natural gas properties and the costs of wells developed have been capitalized as incurred using the full cost method. Provision for depreciation and depletion of oil and gas property costs has been made on the basis of total production during the year as a percentage of total estimated production reserves.

Deferred geothermal exploration and development costs

Geothermal project costs including those incurred on joint venture projects are being capitalized. Upon emergence of the project from the development stage, such costs, whether related to productive or non-productive exploration and development, will be amortized against future revenue obtained from the total exploratory, drilling and development effort.

Deferred mineral exploration and development costs

Expenditures on mineral exploration programmes are deferred on a specific project basis until the viability of the project is determined. When a project is discontinued, the accumulated project costs are charged to income. At the time a project is developed the accumulated costs will be amortized against future income from that project.

Unamortized debenture issue expenses

These expenses, related to the issuance of the 8% secured convertible debentures, are being amortized over the term of the debentures. In the event that debentures are converted into common shares of the company under the terms of the trust indenture, the applicable portion of the unamortized debenture issue expense is written off in the year of conversion.

2. Amounts due from sales of land:

Mortgages receivable and amounts due under agreements of sale relating to land sold bear interest at rates between 8% and 9% and mature at various dates to November 1976.

3. Investments:

	1974	1973
Camflo Mines Limited, at cost (market 1974 — \$6,520,000; 1973 — \$7,090,000)	\$ 2,025,257	2,055,059
Other listed securities, at lower of cost and market (market 1974 — \$1,355,000; 1973 — \$2,052,000)	1,256,851	1,430,121
	<u>\$ 3,282,108</u>	<u>3,485,180</u>

The investment in shares of Camflo Mines Limited represents a holding of approximately 15% of the issued shares of that company.

The investments have been pledged as collateral as follows:

Investments with a market value at December 31, 1974 of approximately \$7,640,000 have been pledged as collateral for bank advances up to a maximum of \$2,500,000.

Investments with a market value of approximately \$235,000 are deposited with brokers as collateral for amounts due on the purchase of securities.

Subject to the prior charge related to the bank indebtedness referred to above, 500,000 shares of Camflo Mines Limited with a market value of \$6,185,000 have been pledged as collateral to secure the 8% secured convertible debentures.

4. Land held for resale:

The investment in land held for resale is comprised of:

Land at cost		\$ 3,955,298
Carrying costs:		
Balance at December 31, 1973	\$ 1,680,745	
Costs capitalized in year:		
Interest	246,441	
Other	<u>3,195</u>	
Balance at December 31, 1974		1,930,381
Total carrying value		<u>\$ 5,885,679</u>

The land held for resale is currently designated agricultural. As the property is affected by the Parkway Belt Planning and Development Act, legislated by the Government of Ontario in 1973, management is unable to determine the ultimate status of the land. Management plans to continue its efforts to obtain approval for development of the property, but if it is unsuccessful in these efforts, it believes it will not incur a loss on disposition of the property.

5. Fixed assets:

	1974	1973
At cost, less accumulated depreciation:		
Leasehold improvements and equipment	\$ 68,864	97,153
Aircraft — one half interest	82,013	82,013
Drilling tools	648,052	507,006
Special research equipment	138,438	99,272
Automotive	26,312	35,958
	<u>963,679</u>	<u>821,402</u>
Less accumulated depreciation	<u>359,483</u>	<u>245,190</u>
	<u>604,196</u>	<u>576,212</u>
At estimated realizable values:		
Quebec iron mine — land, buildings and equipment	1,000,000	1,000,000
Niagara Falls iron pellet reduction plant — land, buildings and equipment	1,323,000	1,350,000
	<u>2,323,000</u>	<u>2,350,000</u>
	<u>\$ 2,927,196</u>	<u>2,926,212</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

Management has decided not to resume operations at the iron mine in Quebec and plans to dispose of this property. The value attributed to the Quebec iron mine was determined by management.

An option to purchase the Niagara Falls iron pellet reduction plant for a net consideration of approximately \$1,323,000 has been granted. The option may be exercised up to September 30, 1975 or up to September 30, 1976 if the lease is renewed for a further year.

6. Deferred geothermal exploration and development costs:

Activities related to the use of geothermal steam in the generation of electrical power are in the development stage and, accordingly all costs have been deferred.

Deferred costs relative to these activities are:

	1974	1973
Direct costs:		
Development of wells	\$ 1,808,832	1,494,479
Undeveloped geothermal leaseholds	811,214	584,327
Promotional and exploration expenses	1,288,493	994,678
	<u>3,908,539</u>	<u>3,073,484</u>
Unallocated costs of acquiring control of the subsidiary company	1,495,943	1,280,396
	<u>\$ 5,404,482</u>	<u>4,353,880</u>

Future viability and specifically the recovery of deferred costs will depend on the ability to attain profitable operations and obtain additional financing to pay liabilities as they become due. Management, at this time, cannot estimate at what date operating revenue may be realized.

The unallocated costs of acquiring control of the subsidiary will be amortized over future anticipated revenues from the geothermal project.

Geothermal leaseholds expiring at various dates to 1985 are held on approximately 131,000 acres in the United States with annual lease payments approximating \$158,000. The leases are renewable on an annual basis with payments ranging from \$1 to \$10 per acre until such time as drilling operations commence. Royalty payments required on future steam production under leases held at December 31, 1974 range from 10% to 18¼% of the gross receipts which may be received by the company from the sale of steam.

The company has entered into certain joint venture agreements for the exploration and development of geothermal resources. The proportionate interest of the direct costs of the company in these joint ventures at December 31, 1974 amounted to \$1,408,073. Generally the terms of the joint venture agreements provide for exploration and development of geothermal prospects. The company has contributed its interest in approximately 118,000 acres of the properties in which it has leasehold interests along with all scientific data acquired thereon in conjunction with two of the ventures. In addition, the company has signed letter agreements for additional joint ventures.

7. Bank advances:

Bank advances are secured by:

- the deposit with the banks of certain of the investments as described in note 3, and the shares and a debenture of the subsidiary company, Chesbar Resources, Inc.; and
- an assignment of certain of the amounts due from sales of land.

8. Income taxes:

Income taxes provided relate to the operations of a subsidiary company.

Cumulative losses of the company and certain of its subsidiaries available for carry forward to reduce income for tax purposes in future years amount to and are restricted to fiscal years not later than:

1975	\$ 741,000
1976	421,000
1977	1,167,000
1978	712,000
1979	1,647,000
	<u>\$ 4,688,000</u>

9. Long-term debt:

Long-term debt consists of:

	1974	1973
8% promissory note, repayable 1975-1981, secured by a first mortgage	\$ 1,751,812	2,032,103
8% second mortgage, repayable 1975-1981	463,521	537,021
7% first mortgage, repayable 1979	299,320	503,720
8% secured convertible debentures, maturing February 22, 1979	2,450,000	—
Bank loan	1,500,000	—
9% promissory note due to Hydro Quebec, due 1975	134,700	134,700
	<u>6,599,353</u>	<u>3,207,544</u>
Less amounts due within one year	848,905	354,205
	<u>\$ 5,750,448</u>	<u>2,853,339</u>

The mortgages are secured by charges against the land held for resale and land sold under agreements of sale.

The bank loan is secured by assignment of the net revenues accruing from some of the producing petroleum and natural gas properties. In the event that production revenues do not achieve projected levels, the company has undertaken to provide the bank with further collateral in the form of a debenture securing the land held for resale.

The 8% secured convertible debentures were issued in February, 1974, for \$2,500,000 cash. The debentures are secured, subject to a prior charge related to bank indebtedness not to exceed \$2,500,000, by a pledge of shares of a subsidiary company, Geothermal Kinetics Inc., and shares of Camflo Mines Limited owned by the company, and by a first floating charge on the remainder of the company's property, assets and undertakings. The debentures are redeemable at the option of the company, under certain conditions, at 108% plus accrued and unpaid interest to February 22, 1975 and reducing in progressive steps to 100% on maturity.

The debentures are convertible at the holders' option into fully paid common shares up to February 22, 1979 at a rate of \$8 per share. The conversion rate is subject to adjustment if the company should issue shares (other than those issued under the terms of the company's incentive stock option plan) prior to that date, at a lesser consideration. Under the terms of the trust indenture, the payment of dividends is prohibited.

The approximate amount of principal repayments in respect of the above obligations in each of the years 1976 to 1978 is \$714,000 and in 1979 is \$3,163,000.

10. Deferred income:

Deferred income represents the discount on a debenture of a subsidiary company which was acquired by the company in 1971, prior to the acquisition of control. This deferred income will be recorded as income if and when this debenture is repaid.

11. Capital stock:

At December 31, 1974 193,500 common shares were reserved for issuance upon the exercise of options granted or which may be granted under the terms and conditions of the company's incentive stock

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

option plan. Options, expiring in 1976, were outstanding on 107,000 shares under this plan at prices varying from \$6.25 to \$8.85. During 1974, options on 6,500 common shares were exercised for cash consideration of \$40,625.

In accordance with the terms of the trust indenture related to the 8% secured convertible debentures 6,250 common shares were issued at a consideration of \$8 per share on conversion of \$50,000 principal amount of the debentures. At December 31, 1974 an additional 306,250 common shares have been reserved for potential future conversions.

12. Contingent liabilities:

The company has been named as a defendant in an action instituted in the Supreme Court of Ontario by a consulting geologist who was formerly associated with the company claiming specific performance of an alleged agreement to deliver 30,000 shares of the capital stock of the company upon payment of \$2.60 per share and in addition, damages in the amount of the difference between the value of the shares at the date of delivery and the highest market price at which shares of the company have traded between January 8, 1973 and the date of delivery of the shares. In the alternative, he is claiming damages for breach of contract in the amount of \$222,000 or the difference between \$2.60 per share and the highest market price at which the shares are traded between January 8, 1973 and the date of judgement, whichever is the greater, together with interest from the date of first demand. The company is defending the action on the grounds inter alia that at the time the consulting geologist purported to exercise the option it had terminated. It is anticipated that this action will come to trial in 1975.

A subsidiary company, Geothermal Kinetics Inc., has been named in two legal actions in the State of California. The first involves compensatory damages of \$100 and punitive damages of \$100,000 arising from an alleged violation of the California Water Resources Act. The subsidiary company's defence has been sustained; however, the plaintiff has appealed. Legal counsel believes that the appeal will be denied.

The second involves a cross-complaint asking damages of \$5,000 and exemplary damages of \$100,000 arising from a quiet title action entered by the subsidiary company in November 1973 in the state of California to establish rights to geothermal resources in certain areas in that state. The subsidiary company has filed a counter-action to the cross-complaint seeking an amount substantially in excess of the cross-complaint. The final pleading in this case was filed in December 1974 but the actual date for trial has not been set. Legal counsel advises that it cannot predict with certainty the outcome of the case.

13. Commitment:

During 1974 the company established a pension plan effective from January 1, 1974 for its employees. At December 31, 1974 the vested unfunded actuarial present value of past service benefits in respect of this plan amounted to \$126,000 based on actuarial assumptions adopted by the company. It is anticipated that the unfunded amount will be liquidated and charged to income in 13 equal annual instalments of \$12,000.

14. Remuneration of directors and senior officers:

The aggregate direct remuneration paid in 1974 to the directors and senior officers of the company was \$201,535 (1973 — \$171,712).

15. 1973 comparative figures:

Certain of the 1973 comparative figures have been reclassified to conform to current presentation.

